ment Act of 1974 as amended through 1981.

Each eligible applicant may submit one grant proposal for review in each program year or in the second year of a State approved program.

Communities currently participating in a HUD approved multi-year program will be eligible to make application for State administered funds in the final year of the program which they are currently administering.

Types of Applications

In addition to the process whereby eligible applicants will be permitted to apply in their own behalf, the following types of applications will be allowed:

County Applications — counties may submit one proposal per program year in their own behalf for activities to be undertaken in nonentitlement areas, except that where such application can be construed as an application "in behalf of", it shall be rated and ranked as such.

In Behalf Of — in order to insure the participation of communities having little or no capacity to successfully apply for and administer a grant program, county governments may submit a proposal in their behalf. Only one such proposal will be accepted from any eligible county.

Joint Applications — joint applications will be accepted from units of local governments with contiguous borders where the application clearly demonstrates that the project cannot be successful in any other case.

In the case of each of the above, the entity submitting the application will be primarily and directly responsible to the State and Federal governments for performance under the grant. In the case of joint applications, one of the participating communities will be required to accept such responsibility under the grant.

Types of Grants

Both single purpose and multiple purpose grants will be awarded.

There will be four program categories for which an applicant may apply. They are Housing Development, Commercial Revitalization, Economic Development and Community Facilities.

Grant awards made by the State will be limited to a maximum of two years and a maximum grant award of $750,000 will be established.

Multiple purpose grants will only be awarded in such cases where the applicant clearly demonstrates that a minimum of 25% of funds is expended outside of the principal category for funding and/or where the project could not be completed without elements from more than one program category being utilized.

In such cases, in order to make a fair and equitable distribution of points among applicants for multiple purpose grants, the review team will declare what percentage of points will be applied from each program category using such criteria as percentage of funds expended and overall impact of such work in relation to the success of the project.

Discretionary Fund/Set-Asides

While no ceiling will be placed on any of the particular program categories for funding, certain specific set-asides will be established which shall be limited to:

Immediate threat or urgent need, as described in the Federal statute. No more than 5% of all funds will be placed in this category.

Planning assistance — a set-aside of a minimum of $250,000 will be established to be awarded on a competitive basis to a project proposal or a community conservation strategy. This would be a separate competition with awards made after initial project selection.

Eligible Activities

The eligible activities for this program are established by Federal statute (The Community Development Act of 1974 as amended) and are listed in the appendix to these program guidelines.

Nevertheless, the Commonwealth intends to encourage specific kinds of eligible activities and has therefore established an objective system based on State priorities. While eligible communities may make application for funds within the framework of the Federal statute, they should be guided by the competitive nature and priority setting of the State administered program.

Review Process

The Department of Community Affairs will be solely responsible for the selection of grant recipients in the Small Communities program with exception of prior HUD multi-year commitments.

Pre-applications for each category (Housing Development, Commercial Revitalization, Economic Development and Community Facilities and Multiple Purpose grants) will be rated and ranked competitively within each category.

Regional Office Role

A. Pre-applications and final applications will be submitted to the appropriate DCA Regional Office.

B. A Regional Office Review Team will be established to review pre-applications to insure compliance with threshold requirements. A preliminary ranking of pre-applications prior to their submission to the Central Office will take place based on the criteria set forth below. With the exception of incomplete, late or statutorily ineligible pre-applications, all proposals will be submitted to the Central Office for final determination.

C. The Regional Office Review Team will make preliminary project determinations using the following factors:

1. Program Eligibility

a. Are the activities for which funding is requested eligible under the program?

b. Does project address the priorities of the program?

2. Community/Applicant Eligibility

a. Can community obtain staff capability if they don't have it already?

b. Past performance: (1.) drawdown history, (2.) Federal or State audits where applicable.

c. Is community participating in the National Flood Insurance Program if flood-prone? Is proposed project subject to flood plain designation?

d. Has the community placed legal obstacles to meeting low/moderate income housing needs?

e. Does the pre-application/application comply with all applicable laws and regulations and contain all required documentation?

Central Office Role

The Small Communities Program Division will be responsible for a preliminary rating and ranking of all pre-applications submitted prior to final disposition by the Senior Review Team. The program categories of rating and ranking to be used is explained later.

I. *Need Criteria*
(20% total)

The intent of the State administration of the Small Communities Program is to provide assistance to those local and county governments which most seriously require assistance.